

# WASHINGTON STATE GAMBLING COMMISSION

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## MINUTES COMMISSION MEETING THURSDAY, JANUARY 13, 1994

**Chairman Tull** called the meeting to order at 1:30 p.m. at the Ridpath Hotel in Spokane, Washington.

**MEMBERS PRESENT:** **ROBERT M. TULL, CHAIRMAN; COMMISSIONERS WANDA MOSBARGER, PATRICK GRAHAM and ARDITH DIVINE.**

**OTHERS PRESENT:** **FRANK MILLER, Director; NEAL NUNAMAKER, Deputy Director; BEN BISHOP, Assistant Director, Licensing; JONATHAN McCOY, Assistant Attorney General; SUSAN GREEN, Executive Secretary.**

### STAFF REPORTS

**Director Miller** said there would be no staff reports today, but tomorrow he will have a report on the Gambling Policy Task Force final recommendations, an Indian gaming update and an annual review of the agency. He said there will be some agency reorganization changes and a discussion of the budget.

### LICENSE APPROVALS

#### NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

**Commissioner Graham** asked about the increase in recreational gaming; **Mr. Bishop** said it has become very popular, and the agency has well over 400 licenses in the current year. **Commissioner Graham** said he also noticed the first employee for the Muckleshoot Tribal casino is on the list of certifications. **Mr. Bishop** said this is their manager and the application is submitted in accordance with the compact. **Commissioner Graham** moved that the licenses, changes, withdrawals and tribal certifications be acted on in accordance with the recommendation of Commission staff as set forth in the agenda packet. **Commissioner Mosbarger** seconded the motion, motion carried.

### REVIEW OF FRIDAY'S AGENDA

**Director Miller** said the agenda includes fewer rules than the November agenda, and they are all simple housekeeping rule changes. Most of them are Code Reviser requirements. He said there will be one item under "unfinished business" tomorrow. He said he will be seeking permission from the Commission to go forward with a legislative proposal. There is an issue regarding Class III gaming and the exemption from public disclosure on certain information. He said he would explain more tomorrow on the request for an exemption.

### GENERAL DISCUSSION

**Chairman Tull** asked if any of the commissioners had items for general discussion. No one did. **Chairman Tull** said the commissioners have several items that were given to them for review by staff, including the policy and procedures manual. **Director Miller** said that is an update for them to have and review.

### DEFAULT HEARINGS

**Chairman Tull** announced the names of the individuals listed for default hearings to be sure they have a chance to address the Commission if present:

Kenneth Joseph, Case #93-1264, Tulalip Tribes, state certification denial

Melvin L. McClellan, Case #93-1163, Tulalip Tribes, state certification denial

**Chairman Tull** noted that in both cases no one responded. He said these are both orders that will deny certification; and the findings, conclusions and orders for both have been presented with a cover memo by Carrie Sutherland. **Director Miller** said these were conditional certifications, meaning these employees were certified on the grounds that they not violate certain rules, because staff had concerns about them being certified initially. The process is a compromise worked out for tribal members. Since both worked for a period of time and violated terms of their individual provisions, staff is seeking formal denial. **Commissioner Mosbarger** moved for approval of denials for both of them; **Commissioner Divine** seconded the motion. **Chairman Tull** said there are formal findings, conclusions and orders in the packets that would be approved if the motion is passed. Vote taken, motion carried.

## **RECERTIFICATION REVIEWS**

### **Jaycees, Seattle**

**Mr. Bishop** said they are a civic organization with a Class "M" bingo license and a Class "L" punchboard/pull tab license. Their statement of purpose is to provide leadership training for members through community service. They have 384 members and three major programs; a youth leadership foundation, scholarships to students involved in the community, and a Seafair student ambassador program that allows members to participate in weekend leadership symposiums. The organization made contributions in scholarships totaling a little more than \$205,000, and provided program services in the amount of approximately \$350,000. Staff recommends recertification as a civic organization. **Chairman Tull** said the Commission has heard full presentations from this group in the past and their main function is handing out money that they earn in different ways. **Commissioner Graham** moved for recertification; **Commissioner Mosbarger** seconded the motion; motion carried.

### **Spokane Athletic Round Table, Spokane**

**Mr. Bishop** said they are an athletic organization with a Class "K" bingo license and a Class "K" punchboard/pull tab license. Their statement of purpose is to promote sports in the local area through making contributions. They have 45 members. They do not provide direct services, but they do allow their facilities to be used by one athletic group. They made \$37,000 worth of contributions last year, \$8,000 of which was use of their building. He said the recommendation contained in the packet has been updated by staff. Staff now recommends recertification after recently formalizing a settlement for all past cases. **Commissioner Mosbarger** moved for recertification; **Commissioner Divine** seconded the motion. **Chairman Tull** said he thinks it has been a struggle for staff and for those active in the organization to try and steer things in the right direction; vote taken, motion carried.

### **American Red Cross Inland Empire Chapter, Spokane**

**Mr. Bishop** said they have a Class "I" bingo license and a Class "I" punchboard/pull tab license. They are a charitable organization. Their statement of purpose is to improve the quality of human life and training of self-reliance, concern to others, and teaching people to prepare for, avoid and cope with emergencies. There are 35 members and they run four major programs; disaster services, military social services, health services and a safety program. Last year they provided assistance to 96,000-plus clients. They did not provide any contributions but did allow use of their facilities for \$18,000 value. Staff recommends qualification as a charitable organization. **Commissioner Divine** moved for recertification of the Red Cross; **Commissioner Graham** seconded the motion. **Chairman Tull** said he doesn't think it's a conflict, but his brother currently serves on the board of another Red Cross on the west side of the state; vote taken, motion carried.

### **Spokane Guild School and Neuromuscular Center, Spokane**

**Mr. Bishop** said they are an educational organization and hold a Class "J" bingo license and a Class "J" punchboard/pull tab license. They provide education, care and services to children with developmental disabilities and their families. They have 17 voting members and their services include a preschool program, toddler program, individual treatment for children and their families, home programs and transportation services. Last year they served 209 frequent program participants. Staff recommends recertification as an educational organization. **Commissioner Divine** moved for recertification; **Commissioner Mosbarger** seconded the motion, motion carried.

**V.F.W. #1474, Spokane**

**Mr. Bishop** said they are a patriotic organization and are up for certification because of a large pull tab license, Class "J". They also hold a Class "E" bingo license. The organization's purpose is to preserve and strengthen comradeship among its members and to assist the military. They have 1,088 voting members. Most of their services are provided through members interacting with the community, charitable and civic activities and social services provided by the organization. They served 1,088 members and members of the community (he said the number is not noted). They did make \$1,510 in contributions; staff recommends qualification as a patriotic organization. **Commissioner Mosbarger** moved for recertification; **Commissioner Divine** seconded the motion, motion carried.

**Chairman Tull** called for an executive session. He said the purpose for this session is to brief the commissioners on pending litigation and on the status of Class III negotiations with several tribes. No action will be taken in executive session nor at the conclusion. He adjourned the public meeting until Friday morning at 10:00 a.m.

## WASHINGTON STATE GAMBLING COMMISSION

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### MINUTES COMMISSION MEETING FRIDAY, JANUARY 14, 1994

**Chairman Tull** called the meeting to order at 10:05 a.m. at the Ridpath Hotel, Spokane, Washington.

**MEMBERS PRESENT:**                      **ROBERT M. TULL, CHAIRMAN; COMMISSIONERS WANDA MOSBARGER, PATRICK GRAHAM and ARDITH DIVINE.**

**OTHERS PRESENT:**                      **FRANK MILLER, Director; NEAL NUNAMAKER, Deputy Director; BEN BISHOP, Assistant Director, Licensing; JONATHAN McCOY, Assistant Attorney General; and SUSAN GREEN, Executive Secretary.**

**Chairman Tull** said the agenda is light this morning, and the rule making process will take place summarily; staff is offering them for filing, and no discussion will take place. He said any comments regarding those rules can be made at the next two meetings, but the changes are merely housekeeping in nature.

#### **APPROVAL OF THE MINUTES FROM THE NOVEMBER 18-19, 1993, MEETING**

**Commissioner Mosbarger** said she found no errors and moved for acceptance of the minutes from the November 18 and 19, 1993, meeting as set forth and printed in the agenda packet; **Commissioner Divine** seconded the motion, motion carried.

#### **STAFF REPORTS**

**Director Miller** said he has three reports: 1) Legislative Gambling Policy Task Force final report, 2) Indian gaming update, and 3) annual agency review.

#### **TASK FORCE REPORT**

**Mr. Miller** urged anyone interested to call the Legislature for a copy of the Task Force report. He said Commissioner Graham was a member of the task force and that staff spent a lot of time working with the group and in making presentations. A bill was introduced before the Legislature that incorporates a lot of the Task Force's findings. He said the recommendation is for the state to stay on its present course regarding gambling, and that it is important that the state not expand gambling opportunities until it becomes clear how the expansion of gambling will affect all of us. For the near-term future, the Task Force recommends that the Legislature codify the state's public policy toward gambling into its statute, RCW 9.46.010, which the bill does.

The Task Force concurs with the approach taken by the state's negotiating teams toward the negotiation of tribal-state compacts. Critical elements of the state's negotiating strategy that are supported by the Task Force include strict limitation on the number of tables allowed, strict limits on the size of allowable wagers, strict limitations on the scope of gaming allowed consistent with the public policy of the state toward gaming, insistence on a state role in regulation -- including background checks and audits, dedicating the profits from at least one gaming table per casino to non-profit/charitable organizations, encouraging programs for problem gamblers including the dedication of money collected from civil fines to problem gambling, and insisting on the dedication of at least two percent of the net win to local jurisdictions for law enforcement. He said the last one is tough, and some tribes have argued that it amounts to taxation. The Commission believes it is a contribution necessary to defray the costs that some local jurisdictions face.

**Mr. Miller** said the next recommendation is that the Legislature amend the gambling code to aid the Gambling Commission in enforcing the public policy of the state and in fighting illegal gambling. These changes should include clarifying the unconditional ban on slot machines and video gaming devices in Washington state. The current bill before the Legislature clarifies the law to ensure that all funds seized through illegal gambling come back to the agency to help offset the cost of regulation.

The next recommendation is to streamline reporting requirements for commercial stimulant operators to the extent that this can be accomplished consistent with the public policy of the state toward gambling. The intent is to keep commercial stimulant as the primary criteria for conducting gambling for commercial operators, but to also give the Commission the ability to adjust the formula. The Commission has had testimony stating that the market is really the controlling factor now, so the most important thing is initial qualification and then criteria thereafter not based necessarily on how many hamburgers are sold. This allows staff to make better use of its resources if this bill becomes law.

**Mr. Miller** said the next item states that the Legislature should amend the state Lottery statute to require prior legislative approval of any on-line lottery game operated more frequently than once every 24 hours. This is a direct response to the keno issue that surfaced last year. Number 5), the Legislature should not authorize any person or state agency to operate video poker, any other gambling device or slot machines. Item 6) the Legislature should not adopt the British Columbia model of professionally managed, fixed location charitable casinos. The Task Force recommends that the Legislature continue to explore ways for charities to improve the current gambling system of raffles, bingo and casino nights to enable them to raise more money more efficiently. Seven, the Legislature should not merge the state's gambling-related agencies. The jurisdictions of the Gambling Commission, the Lottery Commission and the Horse Racing Commission should remain the same. Eight, services for problem and compulsive gamblers should continue to be offered. The Gambling Commission, Lottery Commission and Horse Racing Commission should continue to provide resources for the support of these services, and also should jointly develop informational signs concerning problem gambling that include the toll free hot line number to be placed in establishments of gambling licensees and lottery retailers. The information should be available to all players.

**Mr. Miller** said the Task Force recommends that, if on-going negotiations taking place at the federal level among the states, the tribes and the federal government regarding the modifications to IGRA be unsuccessful, the Legislature should adopt a joint memorial to Congress requesting clarification of IGRA. Also, the Task Force recognizes that some charities have experienced a reduction in revenues due to increased gambling activity in the state. The Task Force encourages representatives of the tribes currently under compact or in active negotiations with the state, charitable organizations and the Gambling Commission to continue developing solutions to increase charitable dollars and make recommendations as to whether the solutions should be adopted by legislation, by agency rule making or by tribal compact. He said this is a critical finding, and there could be some common ground found to benefit all parties. The concept of one charitable table per tribal operation goes a long way in that direction. The Task Force recognizes the need to update certain gambling policies, and the Legislature should consider working with the Gambling Commission to make limited modifications to existing policies. He said this refers to matters of enforcement, and the Commission is prioritizing its resources toward more important areas than smaller activities.

**Mr. Miller** said this is the most comprehensive report ever issued on gambling in this state since the formation of the Gambling Commission. A number of tribes oppose this report and have submitted a response from the Northwest Alliance of Gaming Tribes. At this point the membership of the Alliance is not known, but the report says the member tribes denounce this as economic racism and unlawful pronouncements. He said his position is that the report goes a long way in preserving the intent and the harmony that the state has tried to create. The mere fact that the Task Force has rejected the Canadian casino model supports what the tribes have asked for. Not all tribes agree with the NAGT rebuttal, but some have these opinions.

**Commissioner Graham** said the gaming organizations could benefit by keeping track of the ten legislators who served on the Task Force, because they received a real education and now understand a lot more than

most of the rest of the Legislature. **Chairman Tull** said that Commissioner Graham made some very significant contributions to the work of the Task Force and played an appropriately significant role in helping them comprehend the issues. He said that he and Commissioner Mosbarger attended one or more of the sessions and found it interesting. They had a lot of territory to cover and did a credible job. **Commissioner Mosbarger** said her amazement was that the Task Force report is easy to read and is good reading. **Chairman Tull** said anyone having questions about the Task Force could ask the director or Commissioner Graham following the meeting.

## INDIAN GAMING UPDATE

**Mr. Miller** said Class III Indian gaming negotiations are on-going with 12 tribes; five or six are active. Negotiations have commenced with the Pt. Gamble S'Klallam Tribe on the Peninsula. There are also re-negotiations taking place with the Tulalip Tribe and the Nooksack Tribe on the issues of keno and jackpot poker, which are Class III games. The big issue in tribal gaming right now is the status of electronic gaming. Slot machines are currently being operated on the Spokane reservation and have been for a few months. He's hopeful that the issue will be resolved with some type of federal action very soon. Recently, video pull tabs have come into the state and are being operated at the Lummi casino, and there is talk that those kinds of machines will be in operation at other casinos as well. These issues fall under federal jurisdiction, so the state is making appropriate contacts to keep apprised of the situation.

## AGENCY REVIEW and UPDATE

**Mr. Miller** presented a review of the agency's financial status, and projections for 1994. He said handouts are available to follow along with the overheads used in his presentation. The first shows gambling activity for the fiscal year ending June 30, not including Class III gaming. In 1993, at least through the end of June, there was growth in the area of pull tab gross receipts, and in card rooms. Roughly, the gross receipts total for all activities was \$729 million. Punchboard/pull tabs topped \$500 million for the first time, and bingo was \$194 million; card rooms totaled \$16.6 million, which is their highest point ever. Growth was consistent and surprising, considering the competition. In the area of impacts on the agency, the workload increased. The total number of licensees reached an all-time high of 3,781. There was a lull a few years ago and it has now come back. Bingo went down, but punchboards/pull tabs were the greatest part of the increase, going up to almost 2,400 licensees, which has impacted the agency by increasing work load.

The area of tribal gaming is still too new to judge impact on the agency. Last year marked the first full calendar year for the Tulalip casino. There will be four or five more casinos opening in Western Washington this year. There was growth and were additional impacts on the agency, and also new regulatory reforms. The monthly study group meetings with licensees have brought changes in agency rules. Many ideas became reality, such as Washington Blackjack rules, punchboard/pull tab prize structure increase to \$500 merchandise prizes, standardization on charitable/non-profit qualifications, the modernization of bingo regulation through the cooperation of the industry, and a two-month retention test in the area of punchboards and pull tabs for commercial operators. There are 300-plus participants in the test so far and it is going well.

**Mr. Miller** said 1993 was the year that the Special Investigations Unit truly came into being after being put into place when Mr. Miller became director. There were many important criminal investigations, from bookmaking to illegal card games. The agency has come a long way in giving local law enforcement the tool it needed to go out and work the illegal markets. Except for SIU and Class III gaming, the agency handled the new impacts of 1993 with existing resources and accomplished what it did by prioritizing. He said the managers continue to prioritize the issues that affect their particular field areas.

**Mr. Miller** said the financial status of the agency, given the impacts faced by the agency and without a fee increase since 1989 or so, the fund balance has been used carefully to handle the impacts. As of now, January 1994, the agency fund balance is \$2.2 million. This has been according to plan. The agency is no

longer a target for funds to be raided, and the funds have been used to enhance capabilities, modernize equipment, and absorb Class III gaming impacts; and revenues are close to meeting expenditures, which is what was planned. On July 1, 1993, the first day of the 1994 biennium, the fund balance was \$2,427,000. Since then, there have been some additional, non-budgeted items that have come up. One is the State Council on Problem Gambling contracts that are on-going. Problem gambling brochures were not budgeted for and totaled \$8,000. Self-insurance premium adjustments of \$36,000 to Labor and Industries were imposed on the agency because of claims. The agents received upgraded protective vests and weapons, at a cost of \$42,000. Radio communications for SIU to help protect the agents in some of the dangerous situations they are involved in cost \$8,000. Along with other miscellaneous items, the unexpected costs total \$255,000, not all of which has been spent.

**Mr. Miller** said that if the agency had been going along at the same spending rate without making adjustments, the fund balance would be down drastically from where it is now. At the beginning of this biennium, the agency re-examined priorities and put forth adjustments to the initial budget that was approved in August of 1992. Items include vehicle replacement savings of \$140,000, thirty percent reduction in travel of \$43,000; and the total adjustments for 1994 are approximately \$358,000; and for 1995, adjustments will be approximately \$412,000. In the Investigative Audit Unit, there is a \$142,000 reduction in staff that will be absorbed with existing personnel. This is one way to keep the fund balance at the target of \$2.2 million in 1995.

**Mr. Miller** said the next graph shows personnel vacancies. The agency saves resources is by not filling all positions immediately as they become vacant, but keep positions open for a month or two. Eighty percent of the budget is for salaries. There are currently four or five funded Class III positions that have not been filled yet, because of the agency's commitment to the commissioners not to put the people on staff until the casinos open. It's difficult because there isn't much notice before a casino opens and new staff need to be trained and ready, but so far it has worked. The FTE allotment for the 1994 year, the agency is below allotment everywhere. That can save \$30-50,000 a year.

Another way to control the fund balance is through revenue forecasting. The revenues are now higher than what was estimated. Class III had something to do with the increase, and also additional fines coming in. Now that the investigative area is more developed, more fine money will be coming in through the next year. Those who violate the rules should reimburse the agency somewhat on the costs of finding the violations. Revenues are difficult to predict because of unknowns, such as what impact tribal gaming will have on the other types of games. Punchboards and pull tabs may be impacted, but the impact could be minimal.

**Mr. Miller** said the fund balance should have two-and-a-half to three months of actual operating capital in reserve. He referred to the page comparing forecasts to actual fund levels. The goal for the end of this biennium was to be at \$2.3 million as of June 1995. He said \$2 million is a healthy fund balance for the agency. It will be watched very closely and any down-swing in revenues could have a significant impact. If that happens, he said he will do whatever is necessary to keep the agency healthy. He said he does not anticipate a fee increase for 1994, but 1995 may be a different story because it has been a lot of years since there was an increase and the agency's costs keep rising.

Four or five tribal casinos, under compact, are expected to open in 1994 in Western Washington alone, which will have an impact on the agency and will result in an increase in personnel. To prepare for these events, effective February 1, a new division will be formed in the agency.

Currently the agency has three divisions, and the new organizational structure includes a fourth division to be headed up by Sharon Tolton and called "Special Operations." The other divisions are still Licensing Operations, Field Operations and Management Services. The change is necessary in order to effectively regulate Class III gaming. The most comprehensive bingo regulations in the country were just put into effect, and the Commission's agents cannot be experts in bingo, pull tabs, raffle audits, card rooms and then also in casino regulations. It's better to prioritize and develop specialization.

**Mr. Miller** said Ms. Tolton has worked in SIU, is a law enforcement officer with experience in these areas, and

also has the knowledge and expertise to oversee the implementation and regulation of tribal gaming. The Special Operations division combines the Special Investigations Unit, Internal Audit Unit and Class III gaming into one division. It makes more sense than having Field Operations handle eight different areas and go back to working with licensees on the regulation and control of charitable and commercial gaming. The only increase in costs results from the upgrade in Ms. Tolton's position from special assistant to assistant director. The special assistant position has been vacated and will not be filled. This is more a movement of resources and personnel. This move goes a long way toward modernizing and taking this agency into the future.

In the Field Operations division, there is not much staff in Olympia, but Mr. Nunamaker's position really works with the regional program managers. He introduced Jim Dibble, the new program manager for the Eastern Region. He said Mr. Dibble came to the Commission from Thurston County where he developed their pre-trial services program. Prior to that, he had 14 years in CID, working on both criminal and civil investigations. His experience in management will also go a long way in enhancing the Eastern Region.

**Mr. Miller** said the Licensing Operations division has a much different structure than it did a few years ago. He said he is very happy with how this division had developed, and he said Ben Bishop has done an outstanding job in this restructuring. The Financial Investigations Unit didn't even exist two-and-a-half years ago. There were two people in SIU doing all of the background checks. There is now a staff of 8-9 law enforcement agents doing nothing but background investigations. When Class III management companies' contracts come in, staff goes out to conduct thorough investigations that are as good as any state in the country. The workload has increased and licenses are still being issued at a good rate. Staff has been increased as a result of Class III, which is where the greatest impact will be over the next few months as five more tribes come on board. Cally Cass-Healy has done an outstanding job in heading up that unit within the Licensing division.

The Management Services division is headed by Juli Anderson and its structure remains the same. The division helps professionalize the business side of the agency. It provides the ability to track budgets and provided the documents that are before the Commission today. The area of information services has been expanded as far as computer capabilities and more will be done in the future.

**Mr. Miller** said that what remains unknown are the most difficult issues to deal with. Class III gaming lawsuits should be resolved in three to four months, and then the Commission will know whether or not it will go to court or not on the issue of what is negotiable. There are lawsuits pending in the Ninth Circuit District Court of Appeals regarding the use of slot machines in states that conduct keno similar to the way this state does. There is federal legislation to potentially come forward regarding the clarification of IGRA. Depending on these outcomes, and on whether expansion results in a decline in revenue, the agency may have to adjust with a possible reduction or movement in the workforce. The staff is aware of the possibility and is putting contingency plans together.

**Commissioner Graham** asked if Ms. Tolton would still be leading the efforts on problem gambling; **Director Miller** said yes, she would still be in charge of problem gambling duties and the agenda duties. Ms. Tolton is a member of the National Council on Problem Gambling, so it makes sense to keep her in charge of that segment here. The agenda has gotten to the point where it is working out very smoothly, but it is not a perfect fit to have it in that division and eventually it will come over to the management side where it belongs. For the short term, the agenda will remain with Ms. Tolton's division.

**Chairman Tull** said that Director Miller has been in contact with the commissioners regarding these changes and has received comments from them. In order to hold Mr. Miller accountable, he said the Commission must allow him to select the tools, personnel and structure to do the job. He said if there are any comments on this morning's presentation, people should ask them during the public comments portion of the meeting.

#### **ADOPT OR AMEND RULES**

**Chairman Tull** said these are all housekeeping changes and anyone who wants to testify or offer comments in the future will have several opportunities to do so. He asked for a motion to file these for future



consideration; **Commissioner Mosbarger** moved to file the rules for further consideration; **Commissioner Divine** seconded the motion; motion carried.

## **UNFINISHED BUSINESS**

### **Public Disclosure**

**Director Miller** said there is a unique situation in the area of Class III gaming regulation. In December 1993, the Gambling Commission was issued a federal court subpoena to turn over all documents regarding Class III gaming as the result of a lawsuit involving the state of Washington, the federal government, the tribes of the state and the homeowners in the state regarding the issue of shellfish. This is a continuation of the Boldt decision on fish. The homeowners asked for the information, most likely to show that there are additional revenues coming to the tribes that may affect what the tribes should have. The Commission takes no position on that issue. In the compacts, the Commission agree to not release any information until after the Tribe has a chance to defend such a request. The Commission is committed to enforcing the terms of tribal-state compact, but when these types of requests come in, there is the potential to create a tremendous wedge in the tribal-state relationship to the point where tribes are fearful of giving up any information in the future. Much of the information received was voluntarily given to the agency by the Tribes in working together to uphold the compacts.

**Mr. Miller** said he is asking the Commission now to authorize him to go forward and seek legislation to amend the public disclosure law in the state of Washington to exempt that information that is deemed financial and commercial and is obtained through the regulation of a tribal-state compact. He said he has language that Jon McCoy has written for possible legislation. **Chairman Tull** said he has discussed this with Director Miller and there is a similar concern in other areas where there is sensitive, proprietary financial information that he would suggest be reviewed as well if this were a long session year. Since it is a short session, he supports a motion to direct Mr. Miller to proceed as he has requested. **Commissioner Graham** made the motion, **Commissioner Mosbarger** seconded the motion, motion carried.

## **COMMENTS OF PUBLIC OR PUBLIC OFFICIALS**

### **Problem Gambling**

**John Beadle, Seattle Junior Hockey** and representing the WCCGA, said he received a fax this morning from Ron Porter, who was going to give a presentation at this meeting. Mr. Porter is president of the Recreational Gaming Association. Due to an illness in his family he was unable to attend this meeting. Recently he wrote the Commission a letter on the subject of problem gambling and requested that the Commission consider an increase from the gambling industry to fund the Council on Problem Gambling programs. He said approximately one month ago, representatives of the gambling industry met in Lynnwood. They all agreed that the funding to the Council should be increased. The vehicle in which to get there was not agreed on. He said they are willing to work with Commission staff on a possible fee increase to meet the needs of the Council's awareness program. The maximum amount the Council would need is \$200,000, and the group would like to see the Gambling Commission raise its contribution from \$60,000 to \$100,000, or whatever would work under budget constraints.

**Mr. Beadle** said that Mr. Bishop had mentioned the possibility of raising the stamp cost to bring in an extra \$55,000, and said maybe \$40,000 of that could be dedicated to help the Gambling Commission remain revenue-neutral. **Chairman Tull** asked how they plan on getting the contribution up to \$100,000; **Mr. Beadle** said the Council has other fundraising efforts, and maybe the Lottery Commission and Horse Racing Commission could also step in. **Chairman Tull** said the Commission and staff should review this thoughtfully; **Director Miller** said he would like to review the options, one of which is an increase in fees to absorb the costs, or use the current budget and take the extra \$40,000 and adjust accordingly. He said he would study this with the agency budget staff and get back to the Commission in February. The budget for the next biennium is due in August 1994. **Chairman Tull** said he sees the need to review this; **Commissioner**

**Mosbarger** asked if it would be acceptable to give a small increase on fees to cover this; **Mr. Beadle** said he thought a small increase in fees would be acceptable, but that was part of the meeting the industry could not all agree on. He said even his own association is not in favor of a percentage-type figure, and they wanted a neutral party to regulate the money instead of going through the industry. He said they are willing the help raise the funds, and two meetings ago the WCCGA voted to support, in theory, a 5-cent increase per set on pull tabs to equal \$84,000. That could be another vehicle for getting at the higher amount. **Chairman Tull** said the impetus right now is coming from the licensee community, so the Commission will examine the agency's operational end of this from a fiscal perspective and then meet with industry representatives to see if a recommendation can be agreed on. If not, the Commission will resolve the question. He said this subject could be addressed again in March, since the February meeting may not take place if there is no new commissioner appointed.

**Don Kaufman** asked when the Commission would know about the February meeting; **Chairman Tull** said if there will be two commission members absent due to long-standing plans, and if there is no new commissioner appointed by the Governor's Office, then the meeting will be cancelled. **Chairman Tull** set a deadline of February 1st. He said the meeting is scheduled for Olympia on February 10-11.

**Chairman Tull** congratulated Jim Dibble on his new position as Eastern Regional Program Manager for the Commission. He thanked Commissioner Graham for the good work and service he provided to the Legislative Task Force, and said his experience as a business person and Commission member helped a great deal.

**Chairman Tull** said the September 1994 Commission meeting will be in Bellingham; the October meeting is still undecided but will most likely be in Central Washington; and the November meeting place will be Spokane. The new meeting schedule will be published in the next two or three weeks. He adjourned the meeting.

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Green  
Executive Secretary